

The Impact of Rational Decisions in Increasing the Effectiveness of Institutional Performance Case Study (Social Security Institution)

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Abstract

The study aims to investigate the impact of rational decision making in increasing the effectiveness of institutional performance of Social security Department in Jordan. Data were collected by means of questionnaires distributed over 180 employees in the department. Questionnaires responses were statistically analyzed using different statistical techniques. The study results indicate a statistically significant impact of rational decision making on increasing the effectiveness of institutional performance of Social security Department as well as indicate significant impact of (participation, leadership and organizational culture) on increasing the effectiveness of institutional performance of Social security.

Key words: Rational Decisions, Effectiveness, Institutional Performance.

1. Introduction:

The process of decision making is one of the most important and most used elements in managerial work continuously in a rapidly changing environment. Most institutions of all kinds are paying attention to this process because it targets its future in terms of its success in continuing to provide their services to individuals and gain a competitive advantage. The inevitable necessity for institutions who have the desire to achieve continuity they should pay attention to rational managerial decisions to enhance the effectiveness of institutional performance.

Due to crisis variety which institutions are facing, their frequent recurrence and their impact on these institutions due to the adoption of wrong decisions, there was an urgent need to exercise rational decisions to help these institutions to overcome obstacles that hinder their managerial work and development.

From this point of view, a study has been conducted on one of institutions to investigate the managerial role performed by this institution in decision making process and the extent to which these decisions contribute to the effectiveness of the institutional performance through participation from all managerial levels in decision taking in the light effective leadership existent and commitment with these decisions along the need to provide data and information needed for taking good decisions.

2. Study importance:

The study importance stems from highlighting practicing good decisions process because it contributes in alleviating additional burdens that organization may borne due to wrong decision taking. This study contributes in increasing institutional awareness through dialogue with employees at all managerial levels in the institution to reach logical and rational decisions for problems that facing their managerial work.

3. Study Questions:

This study aims to answer the following questions:

- Does taking rational decisions increase the efficiency of institutional performance
- To what extent effective leadership affects rational decisions taking
- What are employees aspirations to participate in rational decisions taking

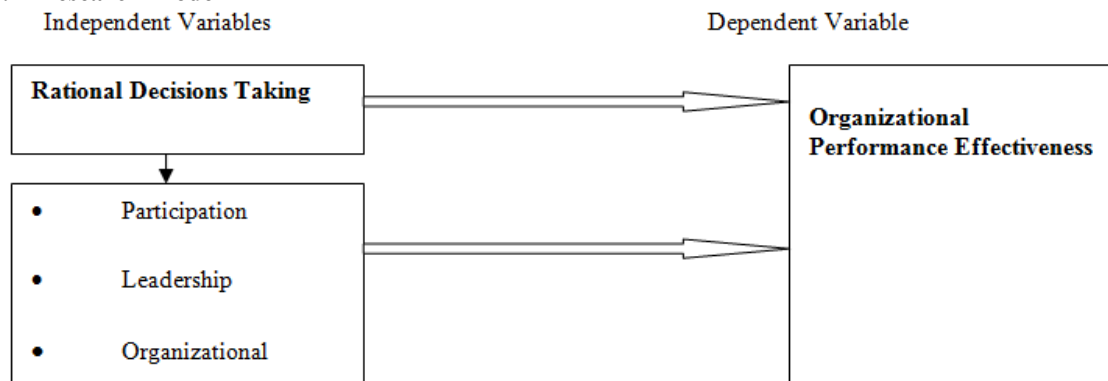
4. Study Objectives:

This study aims to investigate the correlation and influential of rational decisions in increasing the efficiency of the institutional performance of employees of the Social Security Institution.

It also aims to:

- 1- To investigate respondents attitudes towards rational decisions taking.
- 2- To investigate respondents attitudes towards increasing effectiveness of institutional performance.
- 3-To analysis impact of rational decisions in increasing institutional performance effectiveness.
- 4- Provide relevant recommendations to serve the concerned parties.

5. Research Model



5.1. Study Hypotheses:

First Main hypothesis:

There is no statistically significant effect at the level ($\alpha=0.05$) of Decision Taking (participation, leadership, and organizational culture) increasing the effectiveness of institutional performance

The following hypotheses were derived:

- There is no statistically significant effect at the level ($\alpha=0.05$) of employees participation in increasing the effectiveness of institutional performance
- There is no statistically significant effect at the level ($\alpha=0.05$) of leadership in increasing the effectiveness of institutional performance
- There is no statistically significant effect at the level ($\alpha=0.05$) of organizational culture in increasing the effectiveness of institutional performance

6. Study Methodology

The study used the analytical descriptive analytical approach and dependent on the following sources:

A: Preliminary sources: The collection of information from its sources using a questionnaire to this purpose has been developed, and analysis of information to test the validity of hypotheses

B - Secondary sources: The use of references, and sources available to build the theoretical framework of this study.

6.1. The study population:

The study population consists of (194) according to the data obtained by the institution and indicated in the following table:

6.2. Sample of the study

The study sample consisted of 194 respondents, where 194 questionnaire were distributed and 180 were collected so the response rate is 92.7%

7. Previous studies:

Ejimabo NO (2015) study aimed to identify the factors influencing success in decision making among organizational leaders and managers in organizations' practices. The study used qualitative paradigm. Data was collected through structured interviews and surveys. The results indicated that there is a great need for change and improvement in decision making among organizational executives while accommodating technology, diversity, globalization, policy, teamwork, and leadership effectiveness

Abu Ashour(2014)e study aimed at determining the effect of the variables (college, academic level, years of experience and university) on the effectiveness of decisions related to members of the academic departments councils. The study used the survey descriptive methodology on a sample amounting (378) subjects. The study concluded that there is a relationship when comparing universities (governmental and private) for the favor of public universities in the effectiveness of decisions taken in the academic departments

Owolabi a and Abdul- Sulaimon(2011) study examines the relationship between employee involvement in decision making and firms' performance in the manufacturing sector in Nigeria. Data were collected by means of questionnaires distributed over 670 manufacturing firms on employee involvement in decision making and performance variables.). The study results indicate that there is a statistically significant relationship between employee involvement in decision making and firms' performance

Abed, et. al (2009) study aimed to investigate the correlation and the effectiveness between management

information systems elements and the effectiveness of managerial decision making. The study used the descriptive analytical method for study procedures on a sample amounting 75 subjects. The study found that there is a significant statistical effect of the managerial information systems elements in the effectiveness of managerial decision making

Taghreed (2009) study aimed to show the impact of change strategies practicing (the awareness strategy, rational strategy and coercive strategy) to facet crises on institutional performance. The study use the descriptive analytical on a sample of (209) subjects distributed over four banks of commercial banks in Jordan, and the study for crisis facing on institutional performance that there is an impact of change strategies practicing

Jaradat ,et. al (2009) study aimed at shedding light on using management information systems in decision making process and highlighting their role in using these systems. The study recommended confirming the close correlation between management information systems and quality management decision making process

Awawdah , et. al (2009) entitled factors affecting the type of managerial decision-making among managers in the public sector in Jordan.

The study aimed to determine the factors influencing the choice of managerial decision type among managers in the public sector in Jordan. The study population consists of all managers in government ministries and agencies. The study sample consisted (413). The study concluded that there is a statistically significant effect between Organizational variables and decision-making patterns among managers in government ministries. The study recommended the need to review government regulations and legislations to fit the nature of developments related to the decision-making process.

Al Mahasneh (2005) study examined the effect of managerial information systems effectiveness on decision-taking effectiveness in the General Customs Department. The study aimed to analyze the effect of information systems efficiency in decision-making efficiency. The analytical method was used in the study procedures on a sample of (250) the study pointed to the existence of an important statistical significance of the efficiency of the administrative information systems in the effectiveness of decision making. The study recommended creating an atmosphere of effective participation among the employees in the use of information programs in order to develop and follow them.

8. Theoretical framework:

8.1. The concept of decision taking

The basic in any managerial action is to set specific goals and move towards achieving those goals, but the problem is when we feel that there is a gap between the target to be achieved and the status quo (Mahasneh: 2005: 83), for the purpose of bridging that gap we resort to search for decision rational and appropriate to resolve the problem The decision is defined as the solution that is selected from alternatives solutions to the problem (Abbas: 2009: 101).

Al Fadhel (2008) defined decision as an expression of a particular management and desire of a particular person (material or moral)) since the announcement is made verbally or written, in order to attain a particular goal In this case it is assumed the availability of alternatives and choices needed to achieve the aspirations of decision-maker of the goals.. The decision-making process refers to "analyze and evaluate all involved variables that are subject to scientific measurement through scientific research equations and scientific theory, quantitative and statistical methods for the purpose of concluding suitable results and solutions (Parker: 1998: 22)

The decision-making process is basically associated with exploring process of future and to predict the availability of accurate and appropriate information to reach the right decision, and therefore, the decision-making process is made to address the existing problems to face situations or certain potential situations to achieve the desired goals (Hijazi: 2006).

8.2. Decision Making Process Steps:

The decision-taking process is very important in business organizations. Many management scientists focused on this process through studying and analysis to identify the appropriate mechanism for decision-taking. In order to avoid any bad decision-taking process, a set of steps must be taken (Ramadan, et al, 2012: 105)

- **Problem Determination:** problem determination process is very important because without it we walk without a clear and specific goal, and before decision taking it is necessary to investigate all problem aspects or the topic to be decided, and the problems that determine the goal we seek to take a decision for.
- **Finding alternative solutions stage:** It is rare to have a single and specific alternative to any work since it should be sought to obtain more than one alternative, and since the validity of the selected alternative depends on the alternatives that have been found, so the discovery of alternatives is important
- **Alternatives Evaluation:** the basis of decision - taking process is the evaluation since alternative selection process depends on the accuracy of the evaluation process through grading problem solving alternatives according to the conditions set for choosing the alternative

- **Choosing the most appropriate alternative:** the decision-taker in this step moves to choose the appropriate alternative according to a certain criterion that depends on the experience and ability of the decision-taker to choose
- **Decision Implementation and evaluation:** It is necessary to know the impact of this decision and its ability to achieve the objective, and in some cases it may be necessary to cancel the decision or the replacement of the last or implementation suspension until overcome the difficulties in decision Implementation process.

8.3. Participation in decision-making

Participation in decision-making depends on individual's awareness and their ability to participate and dialogue freedom. Participants are required to be prepared to adhere to discussion values and communication ethics and credibility ideologue, clarity in speech and sincerity in intentions and accuracy of expression (Abu Bakr, 2005) Participation in decision-making has many positives, it works to enrich information about the problem that requires management to decision-making, as well as enrich the information on decision taking alternatives and propose suitable methods to implement the alternative The disadvantage of participation process in decision-making it takes a long time especially if the participation is comprehensive to a large number of individuals and thus it does not fit crisis and emergency times, in addition to that it may lead to weak compromise decisions that harm on the long-term the institution interest (Abu Bakr: 2005)

9. Analysis Reliability

Cronbach's alpha test α was used to measure the consistency of each item under the same construct. All scales have more than the suggested value of 0.70. The constructs participation in decision, leadership, and organizational culture.. The alpha value for each construct demonstrates adequate internal consistency. Table below shows the result of reliability analysis of constructs.

Table 1. Cronbach's α value of each Construct

Variable	items	Alpha value
Participation	12	0.82
Leadership	11	0.79
Organizational Culture	10	0.85
Organizational Performance	10	0.92

9.1. Hypotheses Testing

Main Hypothesis: There is no statistically significant impact at ($\alpha \leq 0.05$) of Rational Decisions (participation, leadership and organizational culture) in Increasing the Effectiveness of Institutional Performance

Table 2. Main Hypothesis Testing

R	R ²	F Calculated	Sig.	Result
0.908	0.825	1168.222	000	Rejected

Table (2) indicates that R value= 0.908 , this means that there is a strong correlation amounting (0.908) between rational decisions and effectiveness of institutional performance, $R^2 = 0.825$ this means that rational decisions explains 82.5% of variance in institutional performance. Table also indicates that F- value =1168.222 which confirms the regression significance at ($\alpha \leq 0.05$), Therefore the null hypothesis is rejected and the alternative one is accepted, this means that there is a statistically significant impact of rational decisions on institutional performance.

First Sub Hypothesis: There is no statistically significant impact at ($\alpha \leq 0.05$) level of participation in Increasing the Effectiveness of Institutional Performance

Table 3. First sub hypothesis test results

Sig	T Calculated	B	Ind. Variable	Sig	F Calculated	R ²	R	Dep Variable
000	23.710	.687	Participation	000	562.146	.694	.833	Institutional Performance

Table (3) indicates that R value= 0.833, this means that there is a strong correlation amounting (0.833) between participation and effectiveness of institutional performance, $R^2 = 0.694$ this means that participation explains 69.4% of variance in institutional performance. Table also indicates that F- value =562.146 which confirms the regression significance at ($\alpha \leq 0.05$), Therefore the null hypothesis is rejected and the alternative one is accepted , this means that there is a statistically significant impact of participation in increasing effectiveness of institutional performance.

Second Sub- Hypothesis: There is no statistically significant impact at ($\alpha \leq 0.05$) level of, leadership in Increasing the Effectiveness of Institutional Performance

Table 4. Second sub hypothesis test results

Sig	T Calculated	B	Ind. Variable	Sig	F Calculated	R ²	R	Dep Variable
000	13.287	.494	Leadership	000	176.554	.416	.645	Institutional Performance

Table (4) indicates that R value= 0. 645, this means that there is a strong correlation amounting (0.833) between leadership and effectiveness of institutional performance, $R^2 = 0.416$ this means that leadership explains 41.6% of variance in institutional performance. Table also indicates that F- value =176.554 which confirms the regression significance at ($\alpha \leq 0.05$), Therefore the null hypothesis is rejected and the alternative one is accepted, this means that there is a statistically significant impact of leadership in increasing effectiveness of institutional performance.

Third Sub Hypothesis: There is no statistically significant impact at ($\alpha \leq 0.05$) level organizational culture in Increasing the Effectiveness of Institutional Performance

Table 5. Third sub hypothesis test results

Sig	T Calculated	B	Ind. Variable	Sig	F Calculated	R ²	R	Dep Variable
000	35.564	1.078	Organization culture	000	1270.367	.837	.915	Institutional Performance

Table (5) indicates that R value= 0. 915, this means that there is a strong correlation amounting (0.915) between organization culture and effectiveness of institutional performance, $R^2 = 0.837$ this means that organization culture explains 83.7% of variance in institutional performance. Table also indicates that F- value =1270.367 which confirms the regression significance at ($\alpha \leq 0.05$), Therefore the null hypothesis is rejected and the alternative one is accepted, this means that there is a statistically significant impact of organization culture in increasing effectiveness of institutional performance.

10. Results

There is a statistically significant impact at ($\alpha \leq 0.05$) level of rational decisions making in Increasing the Effectiveness of Institutional Performance

There is a statistically significant impact at ($\alpha \leq 0.05$) level of participation in Increasing the Effectiveness of Institutional Performance

There is a statistically significant impact at ($\alpha \leq 0.05$) level of, leadership in Increasing the Effectiveness of Institutional Performance

There is a statistically significant impact at ($\alpha \leq 0.05$) level organizational culture in Increasing the Effectiveness of Institutional Performance

11. Recommendations

- Top management in the Social Security Institution have to encourage employees to participate in decision-making process by providing opinions and proposals that contribute to decision-making process.
- To provide accurate and integrated information in order to make a rational decision that is consistent with the interest of the institution
- New researchers are recommended to conduct further studies on the mechanism of decision-making in other similar institutions.

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